



INSIGHTS

107th Congress

April 2, 2001

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I. WEEKLY SUMMARY

HOUSE

No hearings of interest have been scheduled.

SENATE

The Senate began consideration of *H.Con. Res. 83 – FY 2002 Budget Request* on Monday, April 2; the resolution passed the House last week. Majority Leader Trent Lott (R/MS) plans to bring *H. Con. Res. 83* directly to the Senate floor, bypassing a mark-up by the Committee on the Budget. His strategy is to debate and pass the bill before the Easter recess begins. However, Democrats and a number of liberal Republicans oppose several provisions including the President's \$1.6 trillion tax cut proposal.

Other energy-related activities scheduled this week:

- General review of FY 2002 appropriations for DOE
- Role of oil and natural gas in U.S. energy policy
- Relationship between energy and environmental policies

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II. COMMITTEE ACTIVITY

HOUSE

Comments or Action Items

FY 2002 Budget Resolution – Last week, the full House passed *H. Con. Res. 83 – FY 2002 Budget Resolution*. The resolution mirrors the President's FY 2002 general budget request, which includes increased funding for DOE's Weatherization Assistance Program but does not provide details on FEMP or the four R&D programs in the Office of Energy Efficiency and Renewable Energy. The resolution also includes provisions that provide a \$1.6 trillion tax cut, pay down the national debt, and provide increased funding for military housing. A more detailed version of the \$1.9 trillion budget request will be released on April 9.

INSIGHTS is prepared expressly for the Department of Energy's Office of Federal Energy Management Programs (FEMP). The purpose of ***INSIGHTS*** is to provide FEMP management staff with timely information on legislative activities relevant to the program. ***INSIGHTS*** is prepared for FEMP by Energetics, Incorporated, (202) 479-2748.

Subcommittee on Interior and Related Agencies (Committee on Appropriations) – Last week Chairman Joe Skeen (R/NM) held a hearing on the National Energy Strategy. Witnesses included two former government officials and one current DOE official. Mary Hutzler provided the Energy Information Administration’s assessment of what to expect this year: lower natural gas prices as the winter heating season ends, higher electricity prices for residential use because of the situation in California, and a price spike in gasoline during the heavy summer driving season. Former Representative Phil Sharp (D/IN), who served as the Chairman of the Committee on Energy and Power (predecessor to the Committee on Energy and Commerce) in the 1980s, told members that a balanced energy plan would incorporate all resources. Former Deputy Secretary Henson Moore (under President George Bush) urged Congress to focus on specific issues such as electricity transmission infrastructure, creation of a universal formula for reformulated gasoline, and the application of Corporate Average Fuel Economy standards for light trucks and sport utility vehicles instead of trying to pass comprehensive legislation. Both men recommended that the Federal Energy Regulatory Commission be given eminent domain authority over transmission.

Emergency Power Legislation – Meanwhile, Subcommittee on Energy and Air Quality (Committee on Energy and Power) Chairman Joe Barton (R/TX) continues to consider emergency legislative action to deal with the California electricity crisis. Last week, he met with members of his panel to examine a range of options that did not include wholesale price caps for electricity. Some of the main options include

- Permitting states to adjust Daylight Savings Time,
- Authorizing FERC to establish a distributed generation interconnection standard and determine whether Western wholesale prices are reasonable and just,
- Waiving nitrous oxide allowance requirements in the State of California,
- Directing the Federal Emergency Management Agency to begin preparations for summer power blackouts in the State of California and on a public educational campaign on electric power shortages, and
- Completing expansion of the North-South transmission line with Federal funds.

The White House is also considering the same set of options, and once the Administration makes its selection the subcommittee is expected to act on those recommendations.

SENATE

Comments or Action Items

No new information of interest to report.

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III. NEW LEGISLATION

HOUSE

Number	Short title	Date	Sponsor	Key Provisions	Status
<i>H.R.1275</i>	<i>No Short Title</i>	March 28	Nancy Johnson (R/CT)	Amends <i>Internal Revenue Code of 1986</i> to allow credit against income	Referred to the Committee on

Number	Short title	Date	Sponsor	Key Provisions	Status
				tax for stationary fuel cell power plants that generate electricity using electrochemical processes and have electricity-only generation efficiency greater than 30 percent; Provides credit for non-business energy-efficient building property installed on or in connection with a dwelling unit located in the United States and used as residence by taxpayer	Ways and Means

SENATE

Number	Short Title	Date	Sponsor	Key Provisions	Status
S.597	<i>Comprehensive and Balanced Energy Policy Act of 2001</i>	March 22	Jeff Bingaman (D/NM) <i>Committee on Energy and Natural Resources, Ranking Minority Member; Renewable Energy and Energy Efficiency Caucus</i>	Establishes an independent National Commission on Energy and Climate Change within executive branch tasked with conducting study of measures that include cost-effective Federal and State policies, programs, standards, and incentives, recommendations on greenhouse gas management strategy concerning development of enhanced energy efficiency and conservation measures, and alternative energy technologies and energy sources; Defines “clean energy technology” as energy supply or end-use technology that, over its lifecycle and compared to similar technology already in commercial use in developing countries or countries in transition, emits substantially lower levels of pollutants or greenhouse gases and generates substantially smaller or less toxic volumes of solid or liquid waste; Directs Secretary of Energy, Secretary of Commerce, and Administrator of USAID to establish Interagency Working Group on Clean Energy Technology Transfer that will focus on transfer of clean technology to developing countries and countries in transition that are expected to experience significant growth in energy production and greenhouse gas emissions over next 20 years; Interagency Working Group will make recommendations to heads of appropriate Federal Agencies on	Referred to the Committee on Energy and Natural Resources

Number	Short Title	Date	Sponsor	Key Provisions	Status
				<p>ways to streamline Federal programs and policies to improve each agency's role in international development, demonstration, and deployment of clean energy technology;</p> <p>Directs DOE to provide technical assistance to States and regional organizations formed by two or more States to assist in coordinating regional energy policies;</p> <p>Directs DOE to convene annual conference to promote regional coordination on energy policy and infrastructure issues and invite appropriate representatives of Federal, state, and regional energy organizations;</p> <p>Directs DOE to consult and cooperate with Departments of Interior, Agriculture, Commerce, Treasury, FERC, EPA, and CEQ in planning and conducting the conference;</p> <p>Directs each Federal agency every five years to review regulations and standards to identify existing regulations or standards that act as barriers to market entry for emerging energy technologies including fuel cells, combined heat and power, distributed generation, and small-scale renewable energy;</p> <p>Directs DOE to commission independent study assessment of innovative techniques to facilitate construction of new electricity supply technologies that might not otherwise be built in a competitive market;</p> <p>Amends Section 313 of Rural Electrification Act of 1936 to allow Department of Agriculture, in consultation with DOE and DOI, to provide grants to eligible borrowers to increase energy efficiency, siting or upgrading transmission and distribution lines, or providing or modernizing electric facilities for units of local government, State territory, or Indian tribe;</p> <p>Establishes comprehensive Indian Energy Program and Office of Indian Energy Policy and Programs within</p>	

Number	Short Title	Date	Sponsor	Key Provisions	Status
				<p>DOE;</p> <p>Directs DOE to publish annual assessment of all renewable energy resources available within US;</p> <p>Requires Federal Government to purchase electric power generated by renewable energy source not less than 3 percent in FY2002 through FY2004, not less than 5 percent FY2005 through FY 2009, and not less than 7.5 percent in FY2010 and each FY thereafter;</p> <p>Defines “renewable energy source” to mean wind, biomass, geothermal source, solar thermal source, photovoltaic source, fuel cells or additional hydroelectric generation capacity achieved from increased efficiency or additions of new capacity at existing hydroelectric dam;</p> <p>Directs DOE to conduct assessment that identified costs and associated performance of technologies that would permit continued cost-competitive use of coal for electricity generation, as chemical feedstocks, and transportation fuel in periods: 2007-2014, 2015-2019, and 2020 and each year thereafter;</p> <p>Authorizes \$100 million for each FY 2002 through 2012 for coal-based technologies in addition to authorizations of appropriations in effect without a cap on DOE fossil energy research and development and clean coal technology appropriations;</p> <p>Amends <i>Price-Anderson Act</i> to extend until August 1, 2012;</p> <p>Directs DOT in consultation with DOE and EPA to develop and implement mechanisms to increase fuel efficiency of light-duty vehicles to limit total demand for petroleum products by light-duty vehicles in 2008 and thereafter to no more than 105 percent of 2000 consumption levels;</p> <p>Amends Section 400AA(a)(3)(E) of <i>Energy Policy and Conservation Act</i> to require dual-fueled vehicles acquired pursuant to the section to be operated on alternative fuels;</p>	

Number	Short Title	Date	Sponsor	Key Provisions	Status
				Requires at least 50 percent of total annual volume of fuel used in dual-fueled vehicles to be from alternative fuels by September 30, 2003 and 75 percent by September 30, 2005; Establishes Federal Energy Bank to transfer funds to DOE to carry out loan program for Federal agencies that submit applications for financing energy efficient projects or development and administration of ESPC; Provides incentives for energy efficient schools	
<i>S.613</i>	<i>No Short Title</i>	March 26	Peter Fitzgerald (R/IL) <i>Committee on Energy and Natural Resources, Subcommittees on Energy Research, Development, Production and Regulation, Forestry, Conservation, and Rural Revitalization</i>	Amends <i>Internal Revenue Code of 1986</i> : Extends small ethanol producer credit to patrons of cooperative organizations described in section 1381(a) of the Code	Referred to the Committee on Finance

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IV. ADMINISTRATION INITIATIVES

POLITICAL APPOINTMENTS

Co-Chair and Member of President's Committee of Advisors on Science and Technology – Earl Floyd Kvamme – Currently a law partner at Kleiner Perkins Caufield and Byers in Menlo Park, California, Mr. Kvamme received engineering degrees from the University of California at Berkeley and Syracuse University.

Commissioner, Federal Energy Regulatory Commission – Patrick Henry Wood III – Mr. Wood is currently the Chairman of the Texas Public Utility Commission (supports utility deregulation).

Commissioner, Federal Energy Regulatory Commission – Nora Mead Brownell – Ms. Brownell currently serves on the Pennsylvania Public Utility Commission.

Kyoto Protocol – Last week, the Administration announced that it would not support the climate change agreement because the Senate would not ratify the treaty in its present form. Instead, the Administration plans to prepare an alternative plan to deal with climate change issues in concert with other nations including Germany. Their concern is that the provisions, if implemented, would damage the U.S. economy. Environmentalists, a number of members of Congress, and various European nations expressed

concern over the U.S. withdrawal from the agreement. In announcing this policy decision, President Bush said:

[W]e will not do anything that harms our economy. Because, first things first, are the people who live in America. That's my priority. And I'm worried about the economy. I'm worried about the lack of an energy policy. I'm worried about rolling blackouts in California. It's in our national interest that we develop a strong energy policy, with realistic, common-sense environmental policy.

The European Union, however, plans to proceed with the process in order to ratify the Protocol by 2002 for the body's 15-nation membership.

Federal Trade Commission Review of Utility Price Gouging – Under the previous Administration and in response to a Congressional request, the Federal Trade Commission (FTC) was directed to conduct a comprehensive review of the price of gasoline charged by fuel refiners and suppliers last summer in Midwestern states. The March 30 report, entitled “Final Report of the Federal Trade Commission: Midwest Gasoline Price Investigation,” reveals that price spikes did not occur and that, in fact, a “crisis” was actually averted by the quick response of some companies. The FTC does reveal, however, that some of the companies they examined did implement actions that resulted in limited supplies. Critics of reformulated gasoline charged that the requirement was the cause of severe price spikes and limited supplies. In their report, the FTC said that it

appears to have been caused by a mixture of structural and operating decisions made previously (high capacity utilization, low inventory levels, the choice of ethanol as an oxygenate), unexpected occurrences (pipeline breaks, production difficulties), errors by refiners in forecasting industry supply (misestimating supply, slow reactions), and decisions by some firms to maximize their profits (curtailing production, keeping available supply off the market).

Energy Efficiency Standards – As part of a larger effort to review regulations promulgated during the last 60 days of the previous Administration, the Department of Energy is conducting a review of energy efficiency standards for central air conditioners. The new regulation requires a 30 percent reduction in energy use. The air conditioning equipment manufacturing industry has proposed a 20 percent reduction.

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V. HEARINGS SCHEDULE

HOUSE – APPROPRIATIONS

No hearings of interest to FEMP.

HOUSE – AUTHORIZATIONS/OVERSIGHT

No hearings of interest to FEMP.

SENATE – APPROPRIATIONS

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
April 5 – Subcommittee on Interior and Related Agencies	Conrad Burns (R/MT)	Hearing – Proposed FY 2002 budget estimates for DOE programs	TBA	10:00 a.m. Room 138 Dirksen Office Building
April 24 – Subcommittee on Interior and Related Agencies	Conrad Burns (R/MT)	Hearing – Proposed FY 2002 budget estimates for the Department of Interior	TBA	10:00 a.m. Room 138 Dirksen Office Building
April 25 – Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies	Thad Cochran (R/MS)	Hearing – Proposed FY 2002 budget estimates for the Department of Agriculture	TBA	1:30 p.m. Room 138 Dirksen Office Building
May 1 – Subcommittee on Energy and Water Development	Pete Domenici (R/NM)	Hearing – Proposed FY 2002 budget estimate for DOE’s energy efficiency, renewable energy, science, and nuclear energy programs	TBA	10:00 a.m. Room 124 Dirksen Office Building
May 2 – Subcommittee on Veterans’ Administration, Housing and Urban Development, and Independent Agencies	Christopher Bond (R/MO)	Budget Overview – proposed FY 2000 Budget estimates for the Department of Veterans’ Affairs	TBA	10:00 a.m. Room 138 Dirksen Office Building
May 8 – Subcommittee on Interior and Related Agencies	Conrad Burns (R/MT)	Hearing – Proposed FY 2002 budget estimates for the Department of Energy	TBA	10:00 a.m. Room 124 Dirksen Office Building
May 9 – Subcommittee on Veterans’ Administration, Housing and Urban Development, and Independent Agencies	Christopher Bond (R/MO)	Hearing – Proposed FY 2002 budget estimates for the National Aeronautic and Space Administration	TBA	10:00 a.m. Room 138 Dirksen Office Building
June 13 – Subcommittee on Veterans’ Administration, Housing and Urban Development, and Independent Agencies	Christopher Bond (R/MO)	Hearing – Proposed FY 2002 budget estimates for the Environmental Protection Agency	TBA	10:00 a.m. Room 138 Dirksen Office Building

SENATE – AUTHORIZATIONS/OVERSIGHT

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
<i>April 3</i> – Committee on Energy and Natural Resources	Frank Murkowski (R/AK)	<i>Hearing</i> – Examination of national energy policy with respect to impediments to development of domestic oil and natural gas resources	TBA	9:30 a.m. Room 106 Dirksen Office Building
<i>April 5</i> – Subcommittee on Clean Air, Wetlands, Private Property, and Nuclear Safety (Committee on Environment and Public Works) (<i>New</i>)	George Voinovich (R/OH)	<i>Hearing</i> – Examine the interaction between U.S. environmental regulations and energy policy	TBA	9:00 a.m. Room 406 Dirksen Office Building

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